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FISCAL IMPACT STATEMENT

LS 7132

BILL NUMBER: SB 355

NOTE PREPARED: Jan 4, 2005

BILL AMENDED:

SUBJECT: Riverboat Licensees.

FIRST AUTHOR: Sen. Waterman

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill requires the licensed owner or operating agent of a riverboat to locate its corporate headquarters in Indiana.

Effective Date: July 1, 2005.

Explanation of State Expenditures:

Explanation of State Revenues: The bill requires a licensed owner or operating agent of a riverboat casino to locate the owner's or operating agent's headquarters in Indiana before June 30, 2006. The bill defines corporate headquarters as a domestic business entity's physical presence in Indiana that results in Indiana being the regular or principal place of business of the business entity's chief executive, operating, and financial officers. The bill does not impose a specific penalty on a riverboat owner who does not comply with the headquarters location requirement. However, current statute unchanged by this bill provides that the riverboat owner's license may be renewed annually upon: (1) payment of a \$5,000 annual renewal fee by the licensee; and (2) a determination by the Indiana Gaming Commission (IGC) that the licensee satisfies the conditions of the Riverboat Gambling Law. Presumably, if the IGC were to determine that a riverboat owner has failed to satisfy the conditions of the Riverboat Gambling Law by not complying with the headquarters location requirement proposed in the bill, it could refuse to renew the annual owner's license.

Currently, none of the entities that have riverboat owner's licenses in Indiana have their principal corporate offices or headquarters in Indiana. It is unknown how many, if any, may choose to relocate their corporate headquarters to Indiana. Thus, if license renewals were to be prevented due to noncompliance with the

headquarters location requirement and gaming operations were stopped, it would result in a substantial reduction in state revenue from the Riverboat Wagering Tax and the Riverboat Admission Tax. In FY 2004, Riverboat Admission Tax collections distributed to the Indiana Horse Racing Commission (IHRC), the State Fair Commission, and the Division of Mental Health and Addiction totaled about \$23.8 M. Riverboat Wagering Tax collections distributed to the Property Tax Replacement Fund, the Build Indiana Fund, and as Admission Tax replacement to the IHRC, the State Fair Commission, and the Division of Mental Health and Addiction totaled about \$601.5 M. A stoppage of riverboat operations also would have an indeterminable impact on revenue from the Adjusted Gross Income Tax on owner's earnings and employee wages and salaries, Sales Tax on taxable purchases by riverboat patrons, Alcoholic Beverage Taxes, and property taxes.

Explanation of Local Expenditures:

Explanation of Local Revenues: A stoppage of riverboat operations would affect local distributions of revenue from the Riverboat Admission Tax and the Riverboat Wagering Tax. In FY 2004, local distributions of Admission Tax totaled about \$55.6 M; and local distributions of Riverboat Wagering Tax revenue totaled about \$95.0 M to riverboat dock site communities and \$33.0 M to non-riverboat communities through revenue sharing. An operational stoppage also would reduce revenue from local option income taxes (CAGIT, COIT, and/or CEDIT) in counties where riverboat casino employees reside.

State Agencies Affected: Indiana Gaming Commission, Indiana Horse Racing Commission, Division of Mental Health and Addiction, State Fair Commission.

Local Agencies Affected: Various local units.

Information Sources:

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